



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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October 21, 2014

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

11 November 5, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2014 IMPACT OF THE AFFORDABLE CARE ACT ALL DISTRICTS (3 VOTES)

SUBJECT

This letter and accompanying ordinance will make minor changes to existing provisions related to the cafeteria plan provisions affecting represented employees and the eligibility rules for permanent part-time employees, in order to comply with the Patient Protection and Affordable Care Act (PPACA). In addition, it will make technical changes and corrections to existing benefit provisions.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code to allow represented employees participating in the Choices and Options cafeteria benefit plan to decline County health coverage by enrolling in health insurance coverage through a health care exchange.
2. Approve the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code to extend the health insurance subsidy for monthly temporary and permanent part-time employees to all permanent part-time employees working 30 hours or more per week.
3. Approve the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code increasing the minimum "floor" contribution for the Flexible Benefit and MegaFlex plans and correcting the health insurance subsidy amounts shown for non-represented temporary and part-time employees.
4. Instruct the Auditor-Controller to make the payroll system changes necessary to implement the changes recommended herein for pay warrants issued on and after January 15, 2015.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The PPACA, commonly called the Affordable Care Act (ACA), is the United States federal statute signed into law on March 23, 2010. The ACA includes numerous provisions that take effect between 2010 and 2020. The County has made changes to its benefit plan policies to comply with the ACA provisions that have already taken effect. For example, in 2011, the eligibility for dependent child coverage was extended to age 26; in 2012, the W-2 form reporting was changed to include the cost of employer-sponsored health coverage; in 2013, the maximum contribution into the Health Care Spending Account was lowered to \$2,400 per year; and in 2014, the health insurance providers were assessed various fees mandated by the ACA.

Beginning in January 2015, employees may decline County health coverage to enroll in an individual health insurance plan (including enrollment in health insurance coverage through a health care exchange). However, there will be no waiver contribution for employees who choose to decline coverage and enroll in an individual plan. Also, effective for Plan Year 2015, the ACA requires that any employer with 50 or more full-time equivalent employees may face penalties unless it offers affordable health insurance to its full-time employees. The ACA defines full-time employees as those who work an average of 30 or more hours per week. In addition, health insurance coverage must be provided to employees 91 days from the date of hire or date of eligibility. As a result of these requirements, the ordinance change will extend the health insurance subsidy for monthly temporary and permanent part-time employees to all permanent part-time employees working 30 hours or more per week.

In conjunction with the approval of the health insurance premium rates effective for 2015, the Board previously approved on September 2, 2014, that the minimum contributions be increased to \$859 for the Flexible Benefit Plan and \$1,158 for the MegaFlex Plan. These adjustments are reflected in the attached ordinance and would be initially reflected on the County pay warrants issued on January 15, 2015.

Technical corrections have been made to the temporary and part-time employee Maximum Monthly County Contribution – Non-Represented Employees table in the attached ordinance. Department of Human Resources Employee Benefits Division and the Auditor-Controller's Countywide Payroll office have been using the correct amounts for 2014 as determined by the Chief Executive Office (CEO), but the amounts shown for Plan Year 2014 and 2015 as shown in the County Code are incorrect.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan by promoting the well-being of County employees and their families by offering comprehensive employee benefits.

FISCAL IMPACT/FINANCING

Each cafeteria plan, including represented employee plans provided by Memoranda of Understanding (MOUs), provides for a County contribution and, in some cases, an additional subsidy to help pay the cost of insurance benefits. The County contributions and applicable subsidies for employee benefits mentioned or recommended herein are included in the Fiscal Year 2014-2015 budget. Employees pay for additional costs above and beyond the County contributions through payroll deductions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The accompanying ordinance implementing amendments to Title 5 – Personnel, of the County Code has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact on current services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:BC:JA
MTK:LSB:mst

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Human Resources
SEIU Local 721
Coalition of County Unions